

Message Text

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ACTION ARA-14

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SUBJ: TRANS-CHACO HIGHWAY

REF: STATE 210918

1. SUMMARY. MOST OF THE PROBLEMS ORIGINALLY PLAGUING THE PAVING OF THE TRANS-CHACO HIGHWAY HAVE BEEN RESOLVED, WITH CONTRACTORS PROCEEDING ON OR NEAR SCHEDULE AND GOP MAKING TIMELY PAYMENTS. NEW LOAN SHOULD PROVIDE SUFFICIENT FUNDS. HOWEVER, THICKNESS OF ASPHALT PAVING IN SECTION II MAY STILL CREATE PROBLEMS, SHORTENING LIFE OF PAVEMENT. REGIONAL ENGINEER PROPOSES THAT ANY EXTENSION OF ROAD MIGHT BE GIVEN A DOUBLE BITUMUNOUS SURFACE TREATMENT RATHER THAN ASPHALT PAVING. DESPITE DIFFICULTIES, COMPLETION OF TRANS-CHACO HIGHWAY REMAINS THE KEY TO DEVELOPMENT OF THE CHACO REGION AND MISSION RECOMMENDS U.S. SUPPORT \$13.2 MILLION LOAN. END SUMMARY.

2. PAVING ON TRANS-CHACO ROAD IS PROCEEDING AT A SATISFACTORY RATE. THE CONSULTING ENGINEERS ARE PLEASED WITH THE PROGRESS OF THE CONTRACTOR ON SECTION II AND BELIEVE WORK WILL BE COMPLETED BY THE END OF 1978. CONTRACTOR FOR SECTION I IS NOT TURNING IN QUITE AS GOOD A PERFORMANCE MAINLY BECAUSE HIS EQUIPMENT IS OLD. COMPLETION IS SCHEDULED FOR END OF 1978, BUT THERE MAY BE SOME DELAYS; AT WORST, PAVING SHOULD

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BE COMPLETED BY SECOND QUARTER OF 1979. GOP PAYMENTS HAVE BEEN GOOD WITH MOST VOUCHERS BEING PAID IN 30 DAYS AND NONE REQUIRING MORE THAN 60 DAYS.

3. THE AMOUNT OF THE PROPOSED LOAN, \$13.2 MILLION, PLUS \$3.3 MILLION IN GOP COUNTERPART, APPEARS SUFFICIENT TO COMPLETE THW WORK NOW SCHEDULED. THE ANNUAL CONSTRUCTION

INFLATION RATE INCLUDED IN THE ESTIMATE IS 15 PERCENT, WHICH IS HIGHER THAN THE INFLATION RATE IN PARAGUAY THE LAST TWO YEARS. HOWEVER, DELAYS IN THE PROJECT BEYOND SECOND QUARTER OF 1979 WOULD MAKE IT MORE DIFFICULT TO REMAIN WITHIN BUDGET.

4. THE CHIEF DIFFICULTY NOW IS THE DEPTH OF THE ASPHALT PAVING ON SECTION II. THE DESIGN STRENGTH OF THE TOTAL PAVING THICKNESS (BASE COURSE PLUS ASPHALT) APPEARS TO BE ADEQUATE FOR TRAFFIC. HOWEVER, ALL SOIL-CEMENT BASE COURSES DEVELOP CONTRACTION CRACKS AND THESE CRACK LINES IN TURN ARE TRANSMITTED UP THROUGH THE ASPHALT PAVING UNLESS THE ASPHALT IS 10 CM. OR MORE IN THICKNESS. THE SPECIFICATIONS FOR THE ROAD CALL FOR ONLY 6 CM. OF ASPHALT PAVING. CRACKS ARE, THEREFORE, DEVELOPING EVERY 4 TO 6 METERS ALONG THE ROAD. EACH ONE IS BEING MARKED AND RECORDS ARE BEING KEPT. TO MINIMIZE THE TRANSMITTAL OF THE CRACKS INTO THE ASPHALT, THE SOIL-CEMENT BASE COURSE IS BEING CURED 30 DAYS INSTEAD OF 10 DAYS AS CALLED FOR IN THE SPECIFICATIONS.

5. AID REGIONAL ENGINEER TRAVELED LENGTH OF ROAD TO KM 245 AND TALKED WITH CONTRACTORS AND CONSULTING ENGINEERS. HE WAS IMPRESSED WITH THE POSSIBILITIES OF REGION AND WITH THE IMPORTANCE AN ALL-WEATHER TRUNK ROAD COULD HAVE FOR ITS FUTURE DEVELOPMENT. SOIL IS SUCH THAT EXISTING DIRT ROADS AND TRAILS TURN TO GREASE, STOPPING ALL TRAFFIC, WHEN IT RAINS. HE SUGGESTED THAT IT MIGHT BE USEFUL TO EXPLORE THE LIMITED OFFICIAL USE

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POSSIBILITY OF DOUBLE BITUMINOUS SURFACE TREATMENT FOR ANY EXTENSION OF HIGHWAY. THIS TYPE OF PAVING COULD LAST 5 TO 7 YEARS COMPARED TO 12 TO 15 YEARS FOR AN ASPHALT SURFACE. AT THE END OF SEVEN YEARS, THE GOP COULD DECIDE WHETHER TO CHANGE TO ASPHALT PAVING OR TO APPLY ANOTHER BITUMINOUS SURFACE TREATMENT, DEPENDING UPON THE ECONOMIC DEVELOPMENT OF THE AREA AND THE AMOUNT OF TRAFFIC WHICH DEVELOPS.

6. DEVELOPMENT OF CHACO REMAINS A HIGH PRIORITY GOAL OF THE GOP. THE GOVERNMENT HOPES WITHIN THE NEXT FEW YEARS TO CONVERT THE EXISTING FILADELFA AIRPORT TO ALL-WEATHER USE AND TO EXTEND THE ELECTRIC GRID TO MARISCAL ESTIGARRIBIA. HOWEVER, THE KEY TO DEVELOPMENT IS THE CONSTRUCTION OF THE ALL-WEATHER TRUNK ROAD AS FAR AS POSSIBLE. KEY ECONOMIC JUSTIFICATIONS FOR THE EXTENSION OF THE ROAD TO FILADELFA STILL ARE THE POSSIBILITIES OF INCREASED CATTLE PRODUCTION AND THE NEED TO PROVIDE MARKET ACCESS FOR THE PRODUCTION OF THE MENNONITE COLONIES. THE MENNONITES HAVE RECENTLY REQUESTED A LINE OF CREDIT OF \$4.5 MILLION FOR INVESTMENT IN EQUIPMENT TO INCREASE MILK PRODUCTION. FURTHER SUMS HAVE BEEN INVESTED IN NEW AGRICULTURAL EQUIPMENT. CONTINUATION OF THE ROAD TO FILADELFA

WILL BE A BIG FACTOR FOR THE PROFITABILITY OF THE NEW INVESTMENTS.

7. EMBASSY/USAID RECOMMENDATION IS THAT U.S. SHOULD SUPPORT \$13.2 MILLION LOAN TO COMPLETE PROJECT.
BRIGGS

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